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Company of Ex-C.I.A. Aide Is Focus of U.S. Bribe Inquiry

The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Gerth.

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WASHINGTON, Sept. 12 — The Federal Bureau of Investigation is investigating an allegation that a company controlled by Edwin P. Wilson, a former employee of the Central Intelligence Agency, bribed a key Federal official with funds from the Control Data Corporation, according to Federal law-enforcement officials and a former associate of Mr. Wilson.

A spokesman for Control Data said that his company, the Minneapolis computer concern, had retained one of Mr. Wilson's companies to help Control Data gain Defense Department business.

Kevin P. Mulcahy, who worked for Mr. Wilson in 1978, has told prosecutors that some of the money that Control Data paid to the Wilson company was used that year to make monthly payments to Paul Cyr, who was head of Congressional relations for the Federal Energy Administration at the time and previously held the same post with the Army Materiel Command, according to a participant in the arrangement and Federal law enforcement officials.

Meeting to Discuss Bugging

Mr. Mulcahy, a former C.I.A. employee, has also told Federal investigators that he attended a meeting with an Army procurement official and others in which a plan was discussed to gain inside information for Control Data by illegally bugging offices of the Army Materiel Command, according to investigators and a former Wilson associate.

Mr. Mulcahy does not know if the bugging plan was put into effect since he stopped working for Mr. Wilson in 1978, but he was involved in the Control Data contract long enough to have personally made at least one monthly payment of more than \$1,000 to Mr. Cyr, these sources add.

A spokesman for Control Data acknowledged that his company had contracted with one of Mr. Wilson's companies from 1978 to April 1979 to find military "business opportunities," but said that Control Data knew of no improprieties in the performance of that contract.

Mr. Cyr left the Department of Energy, which succeeded the Federal Energy Administration, a few years ago to become a private consultant.

This article continues an investigation by The Times into the transfer abroad of advanced technology and military equipment by former United States intelligence agents and military officials.

Key issues involve Federal control over such transfers, how they were made and the role of the Central Intelligence Agency in the activities of Edwin P. Wilson, a former agent. Mr. Wilson and another former agent were indicted in 1980 on charges of exporting explosives to Libya to help train terrorists. Other former C.I.A. employees have business ties to Mr. Wilson.

Previous articles have reported on Mr. Wilson's use of Green Beret troops to train terrorists in Libya and evidence that investigators say links Mr. Wilson to the suspect in the attempted murder of a Libyan student in Colorado.

Reached by telephone today at his home in Virginia, he said, "I'm not interested in talking to you" about the reports involving him and Mr. Wilson's company. He then hung up.

The investigation of the payments to Mr. Cyr is one sign that the Federal investigation of Mr. Wilson has widened beyond its original focus of Mr. Wilson's selling of explosives to Libya, according to Federal law enforcement officials.

Investigators say they are also looking into whether Congressmen and other Federal employees, including officials of the C.I.A., received money through Mr. Wilson. But the investigators who are following up information from Mr. Mulcahy would provide no other details.

The Federal investigation has also broadened to include an examination of Mr. Wilson's dealings with several governments, including Egypt and Iran in addition to Libya, according to law enforcement officials and Mr. Wilson's associates.

Another Wilson deal under investigation, according to the same sources, is the sale in the mid-1970's of construction equipment by the Iranian government to construction companies in the United States and elsewhere. This transaction yielded Mr. Wilson and his associates a profit of more than \$25 million, according to one former Wilson associate, and also involved other former C.I.A. employees and top Iranian officials in the regime of Shah Mohammed Reza Pahlavi.

Law enforcement officials say new indictments can be expected soon involving the sale by Mr. Wilson and others of 20 tons of plastic explosives and night-time surveillance equipment to Libya. These new indictments, which will probably be sealed, go beyond an indictment last year of Mr. Wilson and another former C.I.A. employee, Frank E. Terpil, on charges that they illegally made a separate shipment of explosive to Libya.

Mr. Wilson's attorney here, John A. Keats, said Mr. Wilson intended to fight the Government's charges vigorously. Mr. Keats, in an interview, also said that Mr. Wilson denied news reports that portrayed him as being involved in "gun-running" and "terrorism."

Grants of Immunity Aided Inquiry

Law enforcement officials say that the new indictments, as well as the new avenues of investigation, are a result of the increased resources assigned to the case and the prosecutors' ability to gain testimony, often in return for grants of immunity, from former Wilson associates.

While Mr. Wilson remains a fugitive from last year's charges, he met secretly with prosecutors earlier this year in an unsuccessful attempt to settle the case, according to a participant in the discussions.

The meeting, which took place last June in Rome, involved Mr. Wilson and E. Lawrence Barcella Jr., the assistant United States Attorney handling the case, according to others concerned with the case who participated in the discussion. These participants refused to discuss the meeting. But others sources said that the discussion, which touched on possible settlement of the charges, proved inconclusive.

Prosecutors have been attempting to monitor Mr. Wilson's movements since his indictment in the hope of apprehending him in a foreign country that honors the international fugitive agreement outstanding against him. They have held discussions with the Swiss authorities and Interpol officials about the possibility of extradition.

Reagan Interested in Case

In recent months President Reagan and other top officials, including the assistant to the President for national security, Richard V. Allen, Attorney General William French Smith, Federal Bureau of Investigation Director William H. Webster and the director of Central Intelligence, William J. Casey, have expressed interest in the case, according to intelligence and law enforcement officials.

President Reagan, these officials say, sent a message to Mr. Casey calling for the full cooperation of the C.I.A. in the case.

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The Wilson investigation, which is being handled by the United States Attorney's office for the District of Columbia, has been plagued by delay and lack of coordination, according to prosecutors and witnesses. In part the problem was a lack of cooperation and the protection of Mr. Wilson by some of his associates, according to Mr. Mulcahy and other sources familiar with these investigations.

Earlier this year two agents of the Bureau of Alcohol, Tobacco and Firearms, who knew more about the case than other investigators, were abruptly pulled off the Wilson inquiry by their superiors. But, now, according to law enforcement officials, they are once again actively involved in the investigation.

The Wilson case has become one of the most important Federal investigations in recent years, according to law enforcement officials.

Case Is Called Complex

"It's an extraordinary case," one official said, referring to what he called the investigation's "complexity, significance and scope."

In addition to the F.B.I., the Federal effort includes the United States Customs Service, the Bureau of Alcohol, Tobacco and Firearms and the Internal Revenue Service — all part of the Treasury Department. These agencies are working in liaison with law enforcement authorities in several foreign countries, including Canada, England and Switzerland.

While the Swiss police and the Royal Canadian Mounted Police are, for the most part, only assisting American investigators, Scotland Yard is conducting its own investigation of Mr. Wilson's activities in Britain, including the sale of British-made electronic technology to Libya.

A wide range of possible offenses are involved, including violations of the Neutrality Act, false customs declarations, failure to register as a foreign agent, illegal export and transport of arms and munitions, perjury, false declarations, bribery, fraud and conspiracy to commit murder.

Former Officials a Complication

Law enforcement officials said the investigation had been made more difficult because of the involvement of a large number of former intelligence and military officials, who in the past have often perceived their actions as being legally protected.

The chairman of the Senate Intelligence

Committee, Barry Goldwater, Republican of Arizona, said in an interview that he saw "nothing new in the case" and that the committee had no plans to explore it.

Sources on the House Intelligence Committee expressed more interest. One source said the committee was "closely following" the case, including the performance of prosecutors and other officials in the executive branch.

The grand jury testimony by former Wilson associates has detailed Mr. Wilson's relationships with political and military officials in the United States as well as Europe, the Middle East and the Far East, according to Federal officials and former Wilson associates.

The investigation involving the payments to Mr. Cyr arose out of information provided to investigators some four years ago by Mr. Mulcahy. The case has been re-opened a number of times, including again this year, according to law enforcement officials.

A Control Data spokesman said the company's records on its contract with Mr. Wilson's company had been turned over to the F.B.I. in 1979. The spokesman also said the company had no record of any procurement resulting from the three-year arrangements with Mr. Wilson, which cost Control Data less than \$100,000.

Mr. Mulcahy stopped working for Mr. Wilson before the Army bugging plan was put into effect, but after an order had been placed in West Germany for sophisticated eavesdropping equipment and a meeting had been held to discuss the bugging plan, according to a former employee of Mr. Wilson.

Meeting at a Gas Station

The bugging discussion, which took place at a Virginia gas station, included an official from the Army Materiel Command, but there were no Control Data employees present, according to a former associate of Mr. Wilson.

In the Iranian construction deal, which involved former high Iranian officials, a Wilson company sold roadbuilding equipment for \$100 million to the Iranian government. The government, these sources say, then sold the same equipment for \$200 million to United States and foreign construction companies seeking Iranian government contracts for roadbuilding.

Prosecutors acknowledge that the Wilson case with all its sensitive intelligence implications may well raise the spectre of "graymail," a tactic in which defense lawyers use the threat of introducing classified information in open court to force the Government to drop or settle the charges on favorable terms.

Not only does the Wilson case involve dealings with one of this country's most vocal enemies, Libya, but the investigation has also uncovered evidence linking Mr. Wilson to top military officials in Egypt, one of the United States' most important friends in the Middle East.

Investigators have evidence that in

the mid-1970's, after leaving the C.I.A., Mr. Wilson played a central role in trying to sell sensitive electronic equipment to Egypt, according to former Wilson associates. These associates have also told the Government that Mr. Wilson dealt frequently at this time with senior officials in the Egyptian intelligence service.

Some Federal investigators think that a few of Mr. Wilson's former associates in the C.I.A., who are currently involved in private business dealings with the Egyptian military, may still be involved with Mr. Wilson. These associates deny any current involvement with Mr. Wilson, but one of them, Thomas G. Clines, acknowledged that one of his companies was set up for him in 1973 by Mr. Wilson while he was still in the C.I.A.

In addition, notations about high Egyptian officials and one of Mr. Clines's companies that is heavily involved with the Egyptian government appear in handwritten notes made by a man charged with attempting to murder a Libyan dissident last year in Fort Collins, Colo., Federal law enforcement officials said. These officials said they had evidence that made them believe that the notes were made by the suspect, Eugene A. Tafoya, during or after a meeting with Mr. Wilson.

Earlier this year, the investigation of the Tafoya case was being handled mainly by the Fort Collins police, who found the F.B.I. unwilling to share information or cooperate, according to Federal law enforcement officials. But after recent news reports about the handling of the Tafoya case and the personal involvement of top Administration officials in the Wilson case, the cooperation increased significantly, these officials add.

Even with maximum cooperation, some officials wonder whether the Wilson case will ever reach a final resolution.

"When it's all done," one Federal law enforcement official said of the Wilson case, "we still may not know what's gone on, because of the association of so many of the people with the C.I.A."